<u>AMENDMENTS TO THE CLAIMS</u>

1.   (currently amended) A <u>computer implemented</u> method for <u>transforming the</u> <u>existing practice of selecting investments from within an asset-class population of book-</u> <u>valued investments from processes based on differences found in investment</u> <u>performance among the members of that population for a prior evaluation time period</u> <u>to a process that selects investments from within an asset-class population of book-</u> <u>valued investments based on the characteristic differences found in investment</u> <u>performance among the members of that population for a plurality of time periods</u> <u>immediately following a plurality of prior evaluation time periods and reflective of the</u> <u>outcome of selecting for those member investments from the analysis of the</u> <u>distribution of investment performance of that member population generated in those</u> <u>prior evaluation periods, that when plotted on a mean-variance graph of that</u> <u>performance distribution, and the identification of a contiguous grouping of</u> <u>investments resident at a specific and consistent location within that distribution of</u> <u>investment performance that asset class population throughout the plurality of</u> <u>evaluation periods</u> ~~finding the point separation within an asset-class population to form~~ ~~two groups of investments~~ whose future relative investment performance <u>for the</u> <u>plurality of a subsequent selection period is found to be</u> ~~can be expected to be~~ <u>consistently superior to the average investment performance for the asset-class for</u> <u>those subsequent selection time periods</u> ~~cross-cyclical~~, comprising the steps of:

        <u>acquiring and storing, as a data-record, the measurement of periodic investment</u> <u>returns for each member of an asset-class population for an</u> ~~providing a market~~

~~benchmark and~~ analysis ~~time~~ period <u>comprised of</u> ~~as~~ a plurality of contiguous evaluation and selection time periods;

verifying the adequacy of the <u>data acquired in that it produces an analysis period</u> <u>of a length of time to comprise a plurality of contiguous evaluation and selection time</u> <u>periods inclusive of at least one full market cycle</u> ~~market benchmark and analysis time~~ ~~period~~;

defining <u>the evaluation time periods and the selection time periods of the</u> <u>analysis period to be of equal length, co-continuous and of longer length than that of</u> <u>the period chosen for the calculation of periodic returns</u> ~~members of an asset class as an~~ ~~asset class population~~;

calculating <u>and appending to the data-record for each asset-class population</u> <u>member the measurements of the average and standard deviation of periodic returns,</u> <u>as derived from the data of periodic returns and formulated under the tenets of existing</u> <u>industry practice</u> ~~the relative investment performance of the members of the asset class~~ for each evaluation and selection period;

<u>calculating and appending to the data-record of each asset-class population</u> <u>member the measurements of population-averages for the average and standard</u> <u>deviation of periodic returns of the members of the asset-class for each evaluation and</u> <u>selection period;</u>

<u>calculating and appending to the data-record of each asset-class population</u> <u>member the measurements of market and differential returns, the market return</u> <u>formulated under existing industry practices as the average of average returns for the</u>

asset-class population at the point of standard deviation of periodic returns for the population member and the differential return formulated under existing industry practices as the difference between the member's average return and the average of average returns for the asset-class population at the point of standard deviation of periodic returns for the population member, for each selection period;

calculating and appending to the data-record of each asset-class population member the measurement of standard differential return for each selection period, as its normalized value when calculated relative to the distribution characteristics of its asset-class population for that selection period, as formulated under existing industry practices for calculating a measurement of a standard normal cumulative distribution;

plotting the distribution of investment performance for the asset-class population of each evaluation period within the analysis period as the measurements of the average and standard deviation of periodic investment returns for each member of that asset-class population on a mean-variance graph;

bisecting the investment performance distribution of ~~the~~ each evaluation period asset class populations ~~population~~ into two halves, by a division line formulated as a straight line of equal slope for each population as plotted on its mean-variance graph, through a point of population-average ~~class risk for each evaluation period~~ for the standard deviation of periodic returns and appending an identifier to the data-record of each evaluation period asset-class population member referencing their inclusion into one of the bisected halves on the plotted graph;

calculating and appending to the data-record for each evaluation period asset-class population member the measurement of the average of standardized differential returns for the population of each bisected-half for each selection period subsequent to and immediately following each evaluation period;

calculating the correlation coefficient of the average standardized differential return between each bisected-half for the plurality of evaluation periods;

determining and storing as a data-record the characteristic correlation-axis for the asset class population as the slope of the bisection through the point of population-average for the standard deviation of periodic returns for the plurality of evaluation periods that produces the lowest correlation coefficient of the average standardized differential return between each bisected half for the plurality of evaluation periods ~~whether the investment performance of the bisections of asset class population formed in each evaluation period is cross-cyclical in each subsequent selection period~~;

bisecting the investment performance distribution of the evaluation period asset class population into two halves by a division line formulated as a straight line of equal slope for each population as plotted on its mean-variance graph, through a point of population-average for average return and appending an identifier to the data-record of each evaluation period asset-class population member referencing their inclusion into one of the bisected halves;

calculating and appending to the data-record of each evaluation period asset-class population member the measurement of the average of standardized differential

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returns for the population of each bisected-half for each selection period subsequent to and immediately following each evaluation period for each evaluation period;

determining and storing as a data-record the characteristic performance-axis for the asset class population as the slope of the bisection through the point of population-average for average return for the plurality of evaluation periods that produces the greatest difference of the average standardized differential return between each bisected-half for the plurality of evaluation periods;

calculating measurements of the average and standard deviation of periodic returns and population-averages of those average and standard deviation of periodic returns for the members of an asset class population formulated under the same criteria as the asset class populations of the analysis period and for an evaluation period of equal length and subsequent to the evaluation periods of that class for the analysis period;

plotting the distribution of investment performance for this asset-class population of an evaluation period subsequent to the analysis period as the measurements of the average and standard deviation of periodic investment returns for each member of that asset-class population on a mean-variance graph;

segmenting the performance distribution for this asset-class population of an evaluation period subsequent to the analysis period into quartiles using the measurements of characteristic correlation-axis and characteristic performance-axis found for the asset-class populations of the analysis period;

appending to the data-record of each member of this asset-class population of an evaluation period subsequent to the analysis period a reference identifying their inclusion into one of the quartiles on the plotted graph for that evaluation period;

calculating averages of the average and standard deviation of periodic returns for the populations of each quartile group of this asset-class of an evaluation period subsequent to the analysis period; and

selecting for investment in a subsequent selection period immediately following the term of this evaluation period subsequent to the analysis period those members within the quartile group present on the graph as identified as having the lowest average of the average and standard deviation of periodic returns for that evaluation period.

~~calculating a correlation coefficient between the pattern of asset class average returns and the pattern of group average investment performance for the population within each of the halves;~~

~~maximizing the dissimilarities of correlation with the average returns of the asset class between two groups created by the bisecting of the asset class population; and~~

~~appending the class average of average returns for the asset class as calculated over the analysis time period to the record of each member of the class.~~

2.   (currently amended)   The method of Claim 1, ~~further comprising the step of:~~

~~scaling the correlation coefficient~~ wherein the step of calculating the slope of a division line as plotted on a mean-variance graph is determined by the formula:

[slope] = [change in average return] / [change in standard deviation of return]

3.   (currently amended) The method of Claim 1, wherein the step of <u>appending an identifier to the data-record for each asset-class population member referencing their inclusion into one of the bisected halves for each evaluation period is further comprised of the step of determining whether the point of the average of periodic returns for the member is either greater than or less than the average of periodic returns for a point on the division line at the same level of standard deviation of periodic returns for an evaluation period</u> ~~maximizing includes calculating a market return for each member of an asset class and assigning the market return to each record of a member.~~

4.   (currently amended) The method of Claim 1, wherein the step of <u>calculating the points of the average of periodic returns along a division line of the plotted graph used for</u> bisecting the asset class population into two halves is determined by the following formula:

~~[dividing-line ret.] = [market-ret.] – (([market-ret.] [average-average ret.]) * constant(K))~~

<u>[division-line return] = [market-return] –</u>

<u>(([market-return]-[population average of the average of periodic returns]) * constant(K))</u>

5.   (currently amended) The method of Claim 1, ~~further comprising the steps of~~ <u>wherein the step of segmenting the performance distribution as plotted on a mean-variance graph for this asset-class population of an evaluation period subsequent to the analysis period into quartiles using the measurements of characteristic correlation-axis and characteristic performance-axis found for the asset-class populations of the analysis period is further comprises the step of</u>:

<u>determining the characteristic correlation-axis for an evaluation period asset class population as a division line of infinitive slope bisecting the performance</u>

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distribution of the asset class population through the point of population-average for the standard deviation of periodic returns; and

determining the characteristic performance-axis for an evaluation period asset class population as a division line of zero slope bisecting the performance distribution of the asset class population through the point of population-average for the average of periodic returns.

~~providing a market benchmark and an analysis period made from a plurality of contiguous evaluation and selection time periods;~~

~~providing sharper definition to the two halves of investment groups formed;~~

~~determining a class average for investment performance;~~

~~indicating asset class populations whose evaluation-period investment performance relative to the class average is different;~~

~~bisecting the asset class population into two halves for each evaluation time period;~~

~~calculating the average standardized difference in investment performance relative to the class average for each half in each subsequent selection time selection time period;~~

~~selecting a division line to form the two halves that results in the greatest difference between the two halves in terms of size and consistency of their respective selection period average standardized difference in investment performance relative to the class average;~~

~~standardizing the investment risk for each member of an asset class for each~~

evaluation period around their asset class average risk;

calculating the average standardized difference in investment performance relative to the class average for each of the two halves for each selection period within the analysis period; and

determining the strength of investment performance for each member of the asset class.

Claim 6-17 (canceled)

Claims 18-19 (canceled)